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TESTIMONY OF R. P. RITHET

(Continued from page nine.)

The Chairman. Was it what you
commonly call in trade parlance cut-
throat competition?

Mr. Rithet. I think it was as near
as you could get to it.

The Chairman. And that is what
induced you to make this agreement
with the Western?

Mr. Rithet. We had been in beet-
sugar, and had lost money on beet-
sugar, and never lost very much on the
refining, we did lose money on the
beets.

The Chairman. And the competi-
tion had kept you from making profit-
able returns?

Mr. Rithet. Yes; and it was getting
more difficult all the time, and we
thought we might play a little bit of
the game, too.

The Chairman. So you leased out
to your competitor?

Mr. Rithet. Yes; we had contracts
with our own people for the raw sugar
and we compelled them to take those
contracts.

The Chairman. In other words, you
said: "Now take over our contracts
and pay us \$200,000 a year and we
will not refine any sugar?"

Mr. Rithet. Yes; and they had to
purchase their raw sugar from those
who were associated with me in the
refining, which was an important mat-
ter to us, because it shut out the oth-
ers a little, and then they were easier
subjects to work on when we wanted
to reconstruct again; and we did re-
construct and we got through all right.

The Chairman. Have you a copy of
that contract?

Mr. Rithet. Yes, sir.

The Chairman. Where is it?

Mr. Rithet. I do not know.

The Chairman. Did you not keep a
copy for your company?

Mr. Rithet. I do not know. I will
have to refer to our lawyer. He got
all that.

The Chairman. Do you know the
facts about what has become of that
contract?

Mr. Rithet. I do not.

The Chairman. Did you sign the
contract?

Mr. Rithet. I think I did.

The Chairman. Did you not retain a
copy of so important a document?

Mr. Rithet. I do not know. My
copy probably was destroyed in the
fire.

The Chairman. You remember sign-
ing the contract?

Mr. Rithet. That is my belief; yes,
sir.

The Chairman. Now, do you have
any recollection at all as to whether
you retained a copy of it or not? Was
not the contract executed in dupli-
cate?

Mr. Rithet. I think if the copy was
retained, it was probably retained by
Mr. Campbell.

The Chairman. Was Mr. Campbell
present at the negotiations?

Mr. Rithet. Well, no.

The Chairman. Was he present
when the contract was signed?

Mr. Rithet. No; if a contract was
made it was drawn by him and it was
signed at his request, but we are
quite at sea as to whether it was
signed or not. I believe it was.

The Chairman. But if you kept a
copy of it, you say it went to your
lawyer with your other papers?

Mr. Rithet. Or else it was in our
safe.

The Chairman. And in either event
you think it was destroyed by the
fire?

Mr. Rithet. I know it must have
been destroyed.

The Chairman. Have you ever made
any search for it?

Mr. Rithet. Yes, sir.

The Chairman. And you can not
find it?

Mr. Rithet. I can not find any sign
of it at all.

The Chairman. I have stated sub-
stantially what its contents were?

Mr. Rithet. Yes, sir.

Mr. Malby. How many shares of
stock are there in your company?

Mr. Rithet. Fifty thousand.

Mr. Malby. And Col. Spaulding owns
5500?

Mr. Rithet. Yes, sir.

Mr. Malby. And the par value of
the shares is \$100 a share?

Mr. Rithet. Yes, sir.

Mr. Hinds. How did you happen to
go back into business after you once
made this contract?

Mr. Rithet. That was part of the
plan I told you about. We were tak-
ing a rest for three years to get in
shape to get back in again and fight.

Mr. Hinds. And you raised the
money?

Mr. Rithet. Yes; we got new stock
holders and we declined to renew the
contract, absolutely, when the lease
expired.

Mr. Hinds. And with this new fin-
ancing and new encouragement, you
have been able to hold your own?

Mr. Rithet. Oh, yes. We are as
big as any of them now, but we have
no affiliation and no association what-
ever with anybody.

The Chairman. Did you happen to
know whether the Western is now
owned by the American Co. or not?

Mr. Rithet. I saw only a newspaper
report to that effect.

The Chairman. You do not know
anything about that?

Mr. Rithet. No; I do not know
about that.

Mr. Raker. I understand, Mr. Rithet,
the Hawaiian Sugar Factors Co. re-
duces the raw sugar in Hawaii?

Mr. Rithet. They do.

Mr. Raker. And that company, the
Sugar Factors Co., own all of the
stock of the California & Hawaiian
Refining Co. except 5800 shares?

Mr. Rithet. Yes, sir.

Mr. Raker. Do you not own a little
of it?

Mr. Rithet. It is in my name, just
to qualify me as a director.

Mr. Raker. Who else is qualified as
a director besides yourself?

Mr. Rithet. Warren D. Clark, Frank
B. Anderson, Wallace M. Alexander,
W. H. Huntington, August Hamburg,
D. Y. Campbell, and myself.

Mr. Raker. And this stock is sim-
ply held by them as trustees for the
purpose of qualifying as directors?

Mr. Rithet. Yes, sir.

Mr. Raker. The Sugar Factors Co.,
has a contract with the American
Sugar Refining Co., which has hereto-
fore been entered in the record?

Mr. Rithet. Yes, sir.

Mr. Raker. That contract, as en-
tered in the record, is correct, is it?

Mr. Rithet. I believe so. We have
a stipulation of so much reserve for
the Pacific coast in the American
Sugar Refining Co.'s contract, and we
do not have to get any authority from
the American Sugar Refining Co. for
our supplies.

Mr. Raker. The point I was getting
at is, you have contracted, or this
Sugar Factors Co. has contracted all
their sugar in the Hawaiian Islands
except 50,000 tons—

Mr. Rithet (interposing). More than
that; 150,000 tons now.

Mr. Raker. All their sugar in the
Hawaiian Islands except 150,000 tons,
which you reserve exclusively for
your factory?

Mr. Rithet. Yes, sir.

Mr. Raker. Now, the Sugar Factors
Co. do not sell to anyone else on the
Pacific coast?

Mr. Rithet. No.

Mr. Raker. Does the Western Sugar
Refining Co. handle any of that sugar
on the Pacific coast?

Mr. Rithet. We have sold to them
once or twice, but not lately.

Mr. Raker. Why do they not sell
to the Western Sugar Refining Co.?

Mr. Rithet. Well, we are human.

Mr. Raker. What is the object of
that?

Mr. Rithet. They think, and per-
haps it is a narrow-minded view to
take, but they do take that view on
the islands, that they might be assist-
ing a competitor.

Mr. Raker. If they sold it to the
Western Sugar Refining Co.?

Mr. Rithet. Yes, sir; that is the
only reason I know of.

Mr. Raker. Can you give any dis-
tinction, so far as the real facts are
concerned, between selling directly to
the American Sugar Refining Co. all
of the sugar except what you reserve
and selling it to a company in which
they own half of the stock. Can you
draw any distinction at all?

Mr. Rithet. One is for the New
York market and the other is for the
Pacific coast market.

Mr. Raker. I understand that; but
what is the purpose of it?

Mr. Rithet. Just to prevent them
from competing too strongly on the
coast, that is all. I do not see any-
thing else. The New York market
and the San Francisco market are
separate markets altogether.

Mr. Raker. Is it not for the purpose
of taking the extra quantity or supply
of sugar that would land on the Pa-
cific coast and bringing it East, so
that the price on the Pacific coast is
kept up by the present arrangement?

Mr. Rithet. No; I do not think the
price has anything whatever to do
with it.

Mr. Raker. As a matter of fact, if
it were not for this agreement be-
tween the Sugar Factors Co. and the
American Sugar Refining Co., would
not this sugar come to San Francisco
naturally, because of its location, be-
cause of the freight rate, and a fac-
tory being there which could refine
and would not that great territory you
speak of get sugar much cheaper
than they now do owing to this con-
tract with the American Sugar Re-
fining Co.; and therefore this con-
tract does keep up the price of sugar
on the western coast.

Mr. Rithet. All the time I have
been in the sugar business, for the
last twenty-five or thirty years, the
prices on the Pacific coast and New
York have been regulated by the
world's prices. I do not think it would
affect the deliveries or the price one
particle if we were not to ship to
New York. We have always shipped
to New York even before this com-
pany was in existence. We shipped
to New York and marketed our sup-
ply in New York, because it is a large
market. The Pacific market is not
sufficient to absorb the products of the
islands now. They have grown so
much they could not take it. And then
we have the beet-sugar to be taken care of.
They are marketed principally in the
local market, and consequently we
are shut out.

Mr. Raker. That is just what I
am trying to get at. Your prices and

the prices of the Western Sugar Re-
fining Co. are practically the same on
the coast.

Mr. Rithet. Well, I will tell you
about that. Of necessity they must
be the same.

Mr. Raker. I do not know anything
about the necessity, of course, and I
just want the facts.

Mr. Rithet. Will you let me ex-
plain that?

Mr. Raker. I will be pleased to
have you explain it. I just want the
facts.

Mr. Rithet. There are only two of
us there. Now, there is a very limited
market, and each one of us has
our own customers. If we are ten
cents under the Western today, we
will get all the business, and we can
not take care of it. If the Western
is ten cents under us, they would get
all the business, and I do not think
they could take care of it for very
long. We have fought that out, and I
have never been able to make a
scheme that would fit a position of
that kind without going back to the
old idea. For instance, we are selling
today at 5.10 or 5.20 or 5.30; they will
sell at 5.10 at 5.20 or 5.30, just as we
are selling. If they move, we move;
or if we move, they move, but we
have to move together.

Mr. Raker. Then, as a matter of
fact, there is a tacit or gentlemen's
understanding—

Mr. Rithet (interposing). None
whatever, sir.

Mr. Raker. Just one moment; I had
not finished my question. In your
business relations you work so that
the price will be the same?

Mr. Rithet. No; we do not. We are
compelled to work according to the
conditions of the business.

Mr. Raker. I understand that.

Mr. Rithet. You are making us out
to do that by arrangement.

Mr. Raker. Oh, no.

Mr. Rithet. And we do not do that,
because we are as far apart as the
poles.

Mr. Raker. I do not want to as-
sume that, and I am not assuming
that.

Mr. Rithet. Well, don't, please.

Mr. Raker. But it comes about in
some way, by virtue of publishing re-
ports or telegrams, or something else,
and you know the price of sugar at
the other place, and you both sell at
the same price to avoid any rush
upon either one of the businesses.

Mr. Rithet. No; it is not that. It is
simply because we cannot do other-
wise.

Mr. Raker. I cannot understand
how you can both keep at just ex-
actly the same price.

Mr. Rithet. We don't. Sometimes
we are up and sometimes they are up.
If we go up, they follow; and if they
do down, we have to follow. There
are only two of us in the business.
The prices have been kept pretty well
anyway, and I have never had to com-
plain that they were too high or too
low, either. We would have been
crowded out of business if it had not
been we had quite strong support.

Mr. Raker. During the high prices
of sugar you both sold at the same
price?

Mr. Rithet. We made no money at
all last year. We did not get the ben-
efit of the prices at all on the Pacific
coast.

Mr. Raker. But you sold at practi-
cally the same price?

Mr. Rithet. We cannot help it.

Mr. Raker. And the reason you did
not get any benefit out of the raise
was because you had sold in advance?

Mr. Rithet. Yes.

Mr. Raker. And you think by vir-
tue of this arrangement with the Ha-
waiian people and the American Sugar
Refining Company being able to place
that quantity of sugar so as not to
overstock the market, it keeps an even
price for the beet-sugar people as well
as yourselves in the West?

Mr. Rithet. No; we have no idea of
that kind at all. We are marketing
our own product, and we are market-
ing it in the way it will accomplish
the best results for ourselves; that is
to say we find it cheaper for us to
make a contract with a responsible
firm like the American Sugar Refining
Company. I may tell you that when
the first contract of that kind was
made I was on the committee, and I
made the first contract with H. H.
Howell Sons & Co. in New York for
our product to be shipped to the At-
lantic coast here. That contract was
for three years, and it was carried out
all right, but H. H. Howell Sons &
Co. had come forward when the next
contract was before us and had to say
they could not handle it.

(Conclusion in next issue.)

CROWD AT HALEIWA.

So great was the demand for accom-
modations at Haleiwa last week that
a number of requests for rooms were
of necessity turned down. That sort
of things is the straw that shows the
direction of the wind. The hotel
industry, is all that the most exacting
person can demand; cuisine, service
and appointments compare favor-
ably with the best on the mainland.
There is an auto at the place that is
at the service of those guests who
wish to hire it for rubbering around
the country.

Joseph Lister, famous for his dis-
covery of the antiseptic treatment in
surgery, has just died in London.

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